

Joint stock company
SIGULDAS CILTS LIETU UN
MĀKSLĪGĀS APSĒKLOŠANAS
STACIJA

INTERIM STATEMENT
for 9 months of 2009

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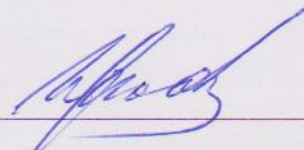
Information on the Company

| | |
|--|---|
| Company's name | <i>SIGULDAS CILTS LIETU UN MĀKSLĪGĀS APSĒKLOŠANAS STACIJA</i> |
| Company's legal status | <i>Joint stock company</i> |
| Registration number, place and date | <i>40003013295, Riga, 26 July 1991</i> <i>Registration in the Commercial Register on 19 June 2004</i> |
| Legal address | <i>„Kalnabeites”8, Sigulda rural parish, Sigulda area, LV-2150</i> |
| Shareholders holding more than 5% of the total number of voting shares | <i>SIA „Siguldas mākslīgās apsēklošanas stacija” (49.8%), registration No. 40003311954</i> |
| Members of the Board | <i>Nils Ivars Feodorovs, Chairman of the Board</i> <i>Sarmīte Arcimoviča, Member of the Board from 20.07.2009</i> <i>Valda Mālniece, Member of the Board</i> <i>Māra Buka, Member of the Board until 30.06.2009</i> |
| Members of the Council | <i>Inita Bedrīte, Chairman of the Council</i> <i>Maija Beča, Deputy Chairman of the Council</i> <i>Ērika Everte, Member of the Council</i> <i>Solvita Arcimoviča, Member of the Council</i> <i>Renia Beķere, Member of the Council</i> |
| Reporting year | <i>01.01.2009 – 30.09.2009</i> |
| Auditors | <i>Anita Sondore</i> <i>Sworn Auditor</i> <i>Certificate No. 129</i> <i>AUDITS A.S., SIA</i> <i>„Pīlādži”, Līgatne rural parish,</i> <i>Cēsu district, LV-4108, Latvia</i> <i>Sworn Auditors' Commercial Company's license No. 27</i> |

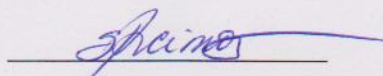
Profit or loss account for the period ended 30 September 2009

| | Note | 2009 LVL | 2008 LVL | 2009 EUR | 2008 EUR |
|---|------|----------------|----------------|----------------|----------------|
| Net sales | 3 | 553 391 | 632 627 | 787 405 | 900 147 |
| Changes in stock of ready-made goods and unfinished products | 4 | 93 599 | 53 425 | 133 179 | 76 016 |
| Other operating income | 5 | 5 770 | 18 040 | 8 210 | 25 669 |
| Costs of materials: | | (197 040) | (247 371) | (280 362) | (351 977) |
| a) raw materials and auxiliary costs of materials | | (150 387) | (183 058) | (213 980) | (260 468) |
| b) other external costs | | (46 653) | (64 313) | (66 382) | (91 509) |
| Personnel costs: | 6 | (267 512) | (234 504) | (380 635) | (333 668) |
| a) salaries for work | | (208 167) | (185 121) | (296 195) | (263 403) |
| b) state social insurance compulsory contributions | | (49 690) | (44 710) | (70 703) | (63 617) |
| c) other social insurance costs | | (9 655) | (4 673) | (13 737) | (6 648) |
| Write-off of assets and values: | | (59 672) | (52 536) | (84 906) | (74 752) |
| a) depreciation of fixed assets and amortization of intangible assets | | (52 226) | (52 320) | (74 309) | (74 445) |
| b) write-off of value of current assets above the normal deductions | | (7 446) | (216) | (10 597) | (307) |
| Other operating costs | 7 | (22 158) | (30 139) | (31 528) | (42 885) |
| Other interest income and similar income | 8 | 3 231 | 6 534 | 4 596 | 9 298 |
| Interest payments and similar costs | 9 | (2 415) | (6 479) | (3 437) | (9 219) |
| Profit or losses before taxes | | 107 194 | 139 597 | 152 522 | 198 629 |
| Enterprise income tax for the reporting year | | (12 088) | (13 224) | (17 200) | (18 816) |
| Other taxes | 10 | (1 091) | (913) | (1 552) | (1 299) |
| The profit or loss for the year | | 94 015 | 125 460 | 133 770 | 178 514 |
| Equity per 1 share (EPS) | 20 | 0.223 | 0.297 | 0.317 | 0.423 |

Notes on pages 9 to 21 form an integral part of these financial statements.



Nils Ivars Feodorovs
Chairman of the Board



Sarmīte Arcimoviča
Member of the Board



Valda Mālniece
Member of the Board

25 November 2009

Balance sheet as at 30 September 2009

| Assets | Note | 2009 LVL | 2008 LVL | 2009 EUR | 2008 EUR |
|---|------|----------------|----------------|------------------|------------------|
| Long-term investments | | | | | |
| Intangible assets | | | | | |
| Concessions, patents, licenses, trade marks and similar rights | | 7 | 27 | 9 | 38 |
| Intangible assets total | 11 | 7 | 27 | 9 | 38 |
| Fixed assets | | | | | |
| Land parcels, buildings and constructions and perennial plantings | | 159 293 | 173 363 | 226 654 | 246 674 |
| Equipment and machinery | | 73 945 | 112 322 | 105 214 | 159 819 |
| Other fixed assets and inventory | | 12 850 | 16 033 | 18 284 | 22 813 |
| Fixed assets total | 12 | 246 088 | 301 718 | 350 152 | 429 306 |
| Investment properties | | 16 245 | 16 245 | 23 114 | 23 114 |
| Biological assets | | 40 729 | 55 049 | 57 952 | 78 328 |
| Long-term financial investments | | | | | |
| Other securities and investments | 13 | 3 480 | 3 480 | 4 952 | 4 952 |
| Long-term financial investments total | | 3 480 | 3 480 | 4 952 | 4 952 |
| Long-term investments total | | 306 549 | 376 519 | 436 179 | 535 738 |
| Current assets | | | | | |
| Stock | | | | | |
| Raw materials, basic materials and auxiliary materials | | 14 831 | 14 836 | 21 103 | 21 110 |
| Ready-made goods and goods for sale | 14 | 361 065 | 287 910 | 513 750 | 409 659 |
| Prepayments for goods | | 1 166 | 1 778 | 1 659 | 2 530 |
| Stock total | | 377 062 | 304 524 | 536 512 | 433 299 |
| Receivables | | | | | |
| Trade receivables | 15 | 104 595 | 92 544 | 148 825 | 131 678 |
| Other receivables | 16 | 1 925 | 15 204 | 2 740 | 21 633 |
| Prepaid expenses | 17 | 3 999 | 3 201 | 5 689 | 4 555 |
| Receivables total | | 110 519 | 110 949 | 157 254 | 157 866 |
| Short-term financial investments | | | | | |
| Other securities and shareholding in capitals | 18 | 20 627 | - | 29 350 | - |
| Short-term financial investments total | | 20 627 | - | 29 350 | - |
| Cash | 19 | 154 829 | 152 975 | 220 302 | 217 664 |
| Current assets total | | 663 037 | 568 448 | 943 418 | 808 829 |
| Assets total | | 969 586 | 944 967 | 1 379 597 | 1 344 567 |

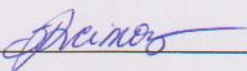
Balance sheet as at 30 September 2009

| Shareholders' equity and liabilities | Note | 2009 LVL | 2008 LVL | 2009 EUR | 2008 EUR |
|---|------|----------------|----------------|------------------|------------------|
| Shareholders' equity | | | | | |
| Share capital | 20 | 422 440 | 422 440 | 601 078 | 601 078 |
| Retained earnings: | | | | | |
| Retained earnings carried forward from previous years | | 359 638 | 310 555 | 511 719 | 441 879 |
| Retained earnings of the reporting year | | 94 015 | 125 460 | 133 770 | 178 514 |
| Shareholders' equity total | | 876 093 | 858 455 | 1 246 567 | 1 221 471 |
| Payables | | | | | |
| Long-term payables | | | | | |
| Deferred tax liabilities | 21 | 9 961 | 13 067 | 14 174 | 18 593 |
| Long-term payables total | | 9 961 | 13 067 | 14 174 | 18 593 |
| Short-term payables | | | | | |
| Prepayment received from customers | | - | 921 | - | 1 310 |
| Trade payables | | 31 511 | 20 303 | 44 836 | 28 889 |
| Taxes and social insurance payments | 22 | 19 680 | 20 477 | 28 003 | 29 137 |
| Other payables | | 10 232 | 12 653 | 14 559 | 18 003 |
| Accrued liabilities | 23 | 22 109 | 19 091 | 31 458 | 27 164 |
| Short-term payables total | | 83 532 | 73 445 | 118 856 | 104 503 |
| Payables total | | 93 493 | 86 512 | 133 030 | 123 096 |
| Shareholders' equity and liabilities total | | 969 586 | 944 967 | 1 379 597 | 1 344 567 |

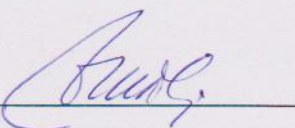
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Nils Ivars Feodorovs
Chairman of the Board



Sarmīte Arcimoviča
Member of the Board



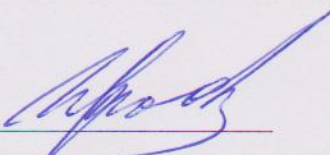
Valda Mālniece
Member of the Board

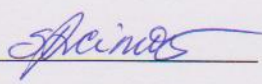
25 November 2009


Cash flow statement for the period ended 30 September 2009

| | Note | 2009 LVL | 2008 LVL | 2009 EUR | 2008 EUR |
|--|------|-----------------|-----------------|-----------------|-----------------|
| Cash flow from operating activities | | | | | |
| Income from sale of goods and provision of services | | 638 442 | 689 947 | 908 420 | 981 706 |
| Payments to suppliers, employees, other expenses arising from basic operations | | (596 035) | (630 083) | (848 082) | (896 527) |
| Other Company's basic income or expenses | | 7 809 | 49 465 | 11 111 | 70 382 |
| Gross cash flow from basic operations | | 50 216 | 109 329 | 71 449 | 155 561 |
| Expenses for tax payments | | (10 353) | (9 499) | (14 731) | (13 516) |
| Net cash flow from operating activities | | 39 863 | 99 830 | 56 718 | 142 045 |
| Cash flow from investing activities | | | | | |
| Purchase of fixed assets and intangible investments | | (8 018) | (24 752) | (11 405) | (35 218) |
| Income from sale of fixed assets | | - | 5 913 | - | 8 413 |
| Dividends received | | 440 | - | 626 | - |
| Purchase of securities | | (15 000) | - | (21 343) | - |
| Net cash flow from investing activities | | (22 578) | (18 839) | (32 122) | (26 805) |
| Cash flow from financing activities | | | | | |
| Expenses for purchase of a leased fixed asset | | - | (25 162) | - | (35 802) |
| Dividends paid | | (33 795) | (42 244) | (48 086) | (60 108) |
| Net cash flow from financing activities | | (33 795) | (67 406) | (48 086) | (95 910) |
| Result of foreign exchange rate fluctuations | | (386) | 98 | (550) | 139 |
| Increase/decrease of cash and its equivalents | | (16 896) | 13 683 | (24 040) | 19 469 |
| Cash and its equivalents at the beginning of the period | | 171 725 | 139 292 | 244 342 | 198 195 |
| Cash and its equivalents at the end of the period | 19 | 154 829 | 152 975 | 220 302 | 217 664 |

Notes on pages 9 to 21 form an integral part of these financial statements.


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Sarmīte Arcimoviča
Member of the Board


Valda Mālniece
Member of the Board

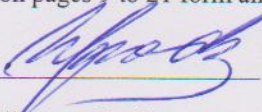
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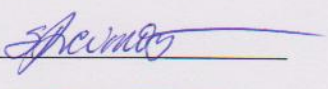
**Statement on changes in shareholders' equity for the period ending
30 September 2009**

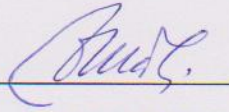
| | Share capital | Retained earnings | Retained earnings for the reporting year | Shareholders' equity total |
|--|----------------|-------------------|--|----------------------------|
| | LVL | LVL | LVL | LVL |
| 31.12.2007 | 422 440 | 278 728 | 74 071 | 775 239 |
| Profit for 2007 transferred to retained earnings of previous years | - | 74 071 | (74 071) | - |
| Dividends for 2007 | - | (42 244) | - | (42 244) |
| Retained earnings for the reporting year | - | - | 125 460 | 125 460 |
| 30.09.2008 | 422 440 | 310 555 | 125 460 | 858 455 |
| 31.12.2008 | 422 440 | 310 555 | 82 878 | 815 873 |
| Profit for 2008 transferred to retained earnings of previous years | - | 82 878 | (82 878) | - |
| Dividends for 2008 | - | (33 795) | - | (33 795) |
| Retained earnings for the reporting year | - | - | 94 015 | 94 015 |
| 30.09.2009 | 422 440 | 359 638 | 94 015 | 876 093 |

| | Share capital | Retained earnings | Retained earnings for the reporting year | Shareholders' equity total |
|--|----------------|-------------------|--|----------------------------|
| | EUR | EUR | EUR | EUR |
| 31.12.2007 | 601 078 | 396 594 | 105 393 | 1 103 065 |
| Profit for 2007 transferred to retained earnings of previous years | - | 105 393 | (105 393) | - |
| Dividends for 2007 | - | (60 108) | - | (60 108) |
| Retained earnings for the reporting year | - | - | 178 514 | 178 514 |
| 30.09.2008 | 601 078 | 441 879 | 178 514 | 1 221 471 |
| 31.12.2008 | 601 078 | 441 880 | 117 925 | 1 160 883 |
| Profit for 2008 transferred to retained earnings of previous years | - | 117 925 | (117 925) | - |
| Dividends for 2008 | - | (48 086) | - | (48 086) |
| Retained earnings for the reporting year | - | - | 133 770 | 133 770 |
| 30.09.2009 | 601 078 | 511 719 | 133 770 | 1 246 567 |

Notes on pages 9 to 21 form an integral part of these financial statements.


Nils Ivars Feodorovs
Chairman of the Board


Sarmīte Arcimoviča
Member of the Board


Valda Mālniece
Member of the Board

25 November 2009

Notes to the Financial Statements

(1) General information on the Company

AS „Siguldas ciltslietu un mākslīgās apsēklošanas stacija” (hereinafter - the Company) was registered in the Register of Enterprises of the Republic of Latvia on 26 July 1991 and was reregistered in the Commercial Register of the Republic of Latvia on 19 June 2004.

The Company's basic activities are agriculture and the types of business are as follows:

- Production and sale of agricultural products – high-quality breeding animals semen,
- making of milk analyses,
- evaluation of cow exterior,
- artificial insemination of cows,
- inspection of immune-genetic origin of cattle,
- milk recording data processing,
- animals breeding organization.

(2) Significant accounting principles

Underlying principles of preparation of the Financial Statements

The Company's Financial Statements have been prepared according to the Law *On Annual Reports* of the Republic of Latvia and the obligatory applicable Latvian Accounting Standards. The Profit or Loss Account was prepared based on the period costs method. The Cash Flow Statement was prepared according to the direct method.

Accounting principles used

The items of the Financial Statements have been evaluated according to the following accounting principles:

- It is assumed that the Company will be a going concern;
- The same evaluation methods have been used, which were used in the previous year;
- Evaluation was done with sufficient prudence:
 - The Financial Statements include solely the profit gained until the balance sheet date,
 - All expected risk amounts and losses have been taken into account, which occurred during the reporting year or in previous years, also if they were known during a certain period of time between the balance sheets date and the day of preparing the Financial Statements,
 - All value decreasing and depreciation amounts have been taken into account irrespective whether the reporting year was closed with profit or loss;
- reporting year related income and costs were recognized irrespective of the payment date and the date of receipt or issuance of invoice. Costs have been agreed with the income in the reporting period;
- components of asset and liabilities items have been recognized separately;
- the opening balance of the reporting year agrees with the closing balance of the previous year;
- all items have been recognized, which materially influence assessment or decision-making process of the users of the annual report, insignificant items are merged and they are detailed in the Appendix;
- operating transactions in the reporting year have been recognized in the Financial Statements by taking into account their economic substance and contents, rather than legal form.

Financial instruments

Fair value of financial assets and liabilities

Fair value of financial assets and liabilities reflect the amount, for which it is possible to exchange assets or perform liabilities in a deal between well informed, interested and financially independent persons. If in the Company's management opinion, fair value of financial assets and liabilities materially differs from the value recognized in the balance sheet, then the fair value of these assets and liabilities is recognized in the Notes to the Financial Statements.

Notes to the Financial Statements

Financial risks management

Credit risk

The Company's management has developed credit policy, which is constantly controlled. Client evaluation is done for all customers above a fixed amount. The Company cooperates with clients who have proper credit assessment.

Currency risk

Based on the current structure of Company's financial assets and liabilities held in foreign currencies, the currency risk is not material.

Reporting period

The reporting period is 9 months from 1 January to 30 September 2009.

Revaluation of foreign currencies

The Company's functional currency and the currency used in the Financial Statements is the Republic of Latvia national currency Lat (LVL). All transactions in foreign currencies are translated to Lats according to the exchange rate set by the Central Bank of Latvia on the day of making the respective transaction.

Monetary assets and liabilities, which are expressed in foreign currency, are translated to Lats to the exchange rate set by the Central Bank of Latvia on the last day of the reporting year.

| | 30.09.2009 | 30.09.2008 |
|-----|-------------------|-------------------|
| EUR | 0.702804 | 0.702804 |

Currency exchange rate differences arising from settlements in currencies or when recognizing assets and liabilities using currency exchange rates, which differ from the initial currency exchange rates used for accounting of transactions, are recognized in the profit or loss account in net value.

Recognition of income

Income is recognized according to the conviction about the Company's possibility to gain economic benefit and in the amount, in which it is possible to state it, less value added tax and sales-related discounts. When recognizing income, also the following provisions are taken into account.

Sale of goods

Income is recognized when the Company has transferred to the purchaser major risks and indemnities related to the title of goods.

Provision of services

Income from services is recognized in the period when the services are provided.

Penalty and delay charges

Income from penalty and delay charges is recognized at the moment of their receipt.

Interest

Income is recognized according to the respective period of time.

Long-term and short-term items

Long-term items include amounts whose receipt, payments or write-off terms are due later after the end of the respective reporting year. Amounts, which are receivable, payable or written off during the year, are recognized in short-term items.

Notes to the Financial Statements

Leasing transactions

Financial leasing

In cases when fixed assets are purchased on the conditions of financial leasing and the related risks and return are taken over, these fixed assets are recognized in the value, for which they could be purchased with immediate payment. Leasing interest payments and similar payments are included in the profit or loss account of that period when they occurred.

Intangible assets and fixed assets

In the balance sheet, all intangible assets and fixed assets are reflected at their purchase prices, less depreciation. Depreciation is calculated from the first date of the next month after their commissioning and finished on the first date of the subsequent month after it is excluded from fixed assets. Depreciation is calculated according to the straight line method and is written off during the useful life time of respective fixed assets by choosing the following annual depreciation rates as fixed by the management:

Intangible assets:

| | |
|----------|---------|
| Licenses | 5 years |
|----------|---------|

Fixed assets:

| | |
|---|------------------|
| Buildings and constructions | 20 years |
| Equipment and machinery | 5, 6 and 7 years |
| Computer hardware and communication equipment | 5 years |
| Inventory and tools | 3 and 5 years |
| Other fixed assets | 2 and 3 years |

Balances of fixed assets have been counted in the annual count of fixed assets.

Biological assets

Biological assets are assets, which are characterized by regeneration and changes in value as a result of growth. The Company in biological assets includes breeding animals – bulls, which are kept for getting agricultural products for sale. Biological assets are recognized in the purchase value.

Stock

Stock is recognized in the lowest cost or net sales value. All stock is assessed by using the average weighted method.

Net sales value is the sales price of stock fixed during normal Company's operations, less the stock completion and selling costs. In cases when the stock net selling value is lower than their cost price, provisions are made for these stocks for decrease of their value down to the net sales value.

All direct costs, which are related to production of breeding animals - bull semen, during the year are booked in the profit or loss account and are adjusted at the end of the year when evaluating stocks according to the lowest sales value or cost price and including them in stocks as "Ready-made goods and goods for sale".

Notes to the Financial Statements

Trade receivables and other receivables

Receivables are recognized in the balance sheet in the amortized value, less provisions for doubtful and bad debts. Provisions for doubtful and bad debts are made in cases when there is objective evidence to the fact that the Company will not be able to receive the debts in full value according to the initially fixed repayment dates. Provisions for doubtful and bad debts are the difference between the amortized purchase value of receivables and the recoverable value. The recoverable value of receivables is the current value of planned cash flow.

Provisions

Provisions are recognized when the Company has liabilities (legal or substantial) due to some past event and there is a probability that the performance of these liabilities will require outflow of economic resources from the Company, and the amount of liabilities can be fairly assessed.

Corporate income tax

Corporate income tax for the reporting period consists of the tax calculated for the reporting period and deferred tax. Corporate income tax is recognized in the profit or loss account.

Calculated tax

The tax calculated for the reporting period has been calculated in compliance with the requirements of the Law “On Corporate Income Tax” by fixing the taxable income and applying the statutory rate of 15%.

Deferred tax

Deferred corporate income tax is calculated for temporary time differences, which are caused due to differences in the value of assets and liabilities in the financial statements (book-keeping) and its value for tax purposes. The mentioned differences are mainly due to different fixed assets depreciation rates applied in tax and financial accounting, provisions made and losses transferred according to the Company’s income tax declaration. Deferred tax is calculated by applying the statutory tax rate 15%.

Subsidies

Amounts, which are received as a state support for agricultural, i.e., for covering of expenses for maintaining high-quality breed bulls, are included in the income of that reporting period when they are received.

Use of assumptions

When preparing the financial statements, the Company’s management has to make calculations and assumptions, which impact recognition of assets and liabilities included in the financial statements as at the day of preparing the financial statements, as well as the income and expenses recognized in the specific reporting period. Management has made profit or loss assessment and considers that the financial statements reflect the true financial condition based on all currently available information.

Notes to the Financial Statements

(3) Net sales

Sales include income gained during the year from the Company's basic activities – sales of products and provision of services without value added tax and less discounts.

| Type of operations | 2009 LVL | 2008 LVL | 2009 EUR | 2008 EUR |
|--------------------------------------|----------------|----------------|----------------|----------------|
| Livestock sperm | 284 237 | 314 084 | 404 433 | 446 901 |
| Milk laboratory services | 144 060 | 175 208 | 204 979 | 249 299 |
| Treatment of supervisory data | 41 491 | 52 031 | 59 036 | 74 033 |
| Inspection of cows | 23 218 | 11 591 | 33 036 | 16 493 |
| Artificial insemination of livestock | 18 444 | 19 299 | 26 244 | 27 460 |
| Immune-genetic laboratory services | 4 660 | 8 406 | 6 631 | 11 961 |
| Other income | 37 281 | 52 008 | 53 046 | 74 000 |
| | 553 391 | 632 627 | 787 405 | 900 147 |

Distribution of net sales according to the geographical markets:

| | 2009 LVL | 2008 LVL | 2009 EUR | 2008 EUR |
|---------|----------------|----------------|----------------|----------------|
| Latvia | 552 896 | 632 627 | 786 700 | 900 147 |
| Estonia | 495 | - | 705 | - |
| | 553 391 | 632 627 | 787 405 | 900 147 |

(4) Changes in stock of ready-made goods and unfinished products

| | 2009 LVL | 2008 LVL | 2009 EUR | 2008 EUR |
|---------------------------------|---------------|---------------|----------------|---------------|
| Changes in sperm stock value | 95 574 | 70 569 | 135 989 | 100 409 |
| Written-off sperm | - | (25 379) | - | (36 111) |
| Changes in stud bull herd value | (1 975) | 8 235 | (2 810) | 11 718 |
| | 93 599 | 53 425 | 133 179 | 76 016 |

(5) Other operating income

| | 2009 LVL | 2008 LVL | 2009 EUR | 2008 EUR |
|--------------------------------|--------------|---------------|--------------|---------------|
| State support for agricultural | 5 770 | 19 427 | 8 210 | 27 643 |
| Other income | - | (1 387) | - | (1 974) |
| | 5 770 | 18 040 | 8 210 | 25 669 |

Notes to the Financial Statements

(6) Personnel costs

| | 2009 LVL | 2008 LVL | 2009 EUR | 2008 EUR |
|--------------------------------------|----------------|----------------|----------------|----------------|
| Salaries for work | 208 167 | 185 121 | 296 195 | 263 403 |
| State social insurance contributions | 49 690 | 44 710 | 70 703 | 63 617 |
| Health insurance | 7 278 | 3 318 | 10 355 | 4 721 |
| Other costs | 2 377 | 1 355 | 3 382 | 1 927 |
| | 267 512 | 234 504 | 380 635 | 333 668 |

(7) Other operating expenses

| | 2009 LVL | 2008 LVL | 2009 EUR | 2008 EUR |
|--|---------------|---------------|---------------|---------------|
| Insurance payments | 1 158 | 1 781 | 1 647 | 2 534 |
| Business trip expenses | 733 | 2 437 | 1 043 | 3 468 |
| Selling expenses | 3 508 | 5 817 | 4 991 | 8 277 |
| Company's management and administrative expenses | 11 030 | 14 042 | 15 695 | 19 980 |
| Audit of the financial statement | 1 570 | 950 | 2 234 | 1 352 |
| Other costs | 4 159 | 5 112 | 5 918 | 7 274 |
| | 22 158 | 30 139 | 31 528 | 42 885 |

(8) Other interest income and similar income

| | 2009 LVL | 2008 LVL | 2009 EUR | 2008 EUR |
|---|--------------|--------------|--------------|--------------|
| Income from shareholding in the company capitals | 440 | - | 626 | - |
| Income from securities | 601 | 24 | 855 | 34 |
| Interest income | 2 040 | 4 757 | 2 902 | 6 769 |
| Contractual penalties from clients | 132 | 752 | 188 | 1 070 |
| Recovered doubtful and bad debts | 15 | 964 | 21 | 1 372 |
| Income from foreign currency exchange rate fluctuations | - | 37 | - | 53 |
| Other income | 3 | - | 4 | - |
| | 3 231 | 6 534 | 4 596 | 9 298 |

Notes to the Financial Statements

(9) Interest payments and similar costs

| | 2009 LVL | 2008 LVL | 2009 EUR | 2008 EUR |
|--|--------------|--------------|--------------|--------------|
| Interest payments | - | 925 | - | 1 316 |
| Losses from foreign currency exchange rate fluctuations | 409 | - | 582 | - |
| Contractual penalties and fines | - | 10 | - | 14 |
| Employees' leisure and other costs not connected with operating activities | 2 006 | 5 544 | 2 855 | 7 889 |
| | 2 415 | 6 479 | 3 437 | 9 219 |

(10) Other taxes

| | 2009 LVL | 2008 LVL | 2009 EUR | 2008 EUR |
|-----------------|--------------|-------------|--------------|--------------|
| Real estate tax | 1 091 | 913 | 1 552 | 1 299 |
| | 1 091 | 913 | 1 552 | 1 299 |

(11) Intangible assets

| | Concessions, patents, licenses, trade marks and similar rights LVL | Total LVL | Concessions, patents, licenses, trade marks and similar rights EUR | Total EUR |
|--------------------------------------|--|--------------|--|--------------|
| Initial value | | | | |
| 31.12.2008 | 720 | 720 | 1 024 | 1 024 |
| Purchased | - | - | - | - |
| Disposed | - | - | - | - |
| 30.09.2009 | 720 | 720 | 1 024 | 1 024 |
| Accrued depreciation | | | | |
| 31.12.2008 | 698 | 698 | 993 | 993 |
| Calculated depreciation | 15 | 15 | 22 | 22 |
| Depreciation of excluded investments | - | - | - | - |
| 30.09.2009 | 713 | 713 | 1 015 | 1 015 |
| Book value as at 31.12.2008 | 22 | 22 | 31 | 31 |
| Book value as at 30.09.2009 | 7 | 7 | 9 | 9 |

Notes to the Financial Statements

(12) Report on movement of fixed assets

| | Land, buildings and constructions | Technological equipment and machinery | Other fixed assets | Prepayments for fixed assets | Total |
|--|---|---|-----------------------|---------------------------------|----------------|
| | LVL | LVL | LVL | LVL | LVL |
| Initial value | | | | | |
| 31.12.2008 | 255 107 | 354 427 | 77 152 | 149 | 686 835 |
| Purchased | - | 2 884 | 5 134 | - | 8 018 |
| Transferred | - | - | 149 | (149) | - |
| Disposed | - | - | (776) | - | (776) |
| 30.09.2009 | 255 107 | 357 311 | 81 659 | - | 694 077 |
| Accrued depreciation | | | | | |
| 31.12.2008 | 85 262 | 247 565 | 63 727 | - | 396 554 |
| Calculated depreciation | 10 552 | 35 801 | 5858 | - | 52 211 |
| Depreciation of excluded fixed assets | - | - | (776) | - | (776) |
| 30.09.2009 | 95 814 | 283 366 | 68 809 | - | 447 989 |
| Book value as at 31.12.2008 | <u>169 845</u> | <u>106 862</u> | <u>13 425</u> | <u>149</u> | <u>290 281</u> |
| Book value as at 30.09.2009 | <u>159 293</u> | <u>73 945</u> | <u>12 850</u> | <u>-</u> | <u>246 088</u> |

As at 30 September 2008, the cadastral value of real estate – land and constructions - was LVL 230 216

As at 30 September 2009, the cadastral value of real estate – land and constructions - was LVL 245 152

| | Land, buildings and constructions | Technological equipment and machinery | Other fixed assets | Prepayments for fixed assets | Total |
|--|---|---|-----------------------|---------------------------------|----------------|
| | EUR | EUR | EUR | EUR | EUR |
| Initial value | | | | | |
| 31.12.2008 | 362 985 | 504 304 | 109 778 | 211 | 977 278 |
| Purchased | - | 4 104 | 7 301 | - | 11 405 |
| Transferred | - | - | 211 | (211) | - |
| Disposed | - | - | (1 104) | - | (1 104) |
| 30.09.2009 | 362 985 | 508 408 | 116 186 | - | 987 579 |
| Accrued depreciation | | | | | |
| 31.12.2008 | 121 316 | 352 253 | 90 675 | - | 564 244 |
| Calculated depreciation | 15 015 | 50 941 | 8 331 | - | 74 287 |
| Depreciation of excluded fixed assets | - | - | (1 104) | - | (1 104) |
| 30.09.2009 | 136 331 | 403 194 | 97 902 | - | 637 427 |
| Book value as at 31.12.2008 | <u>241 669</u> | <u>152 051</u> | <u>19 103</u> | <u>211</u> | <u>413 034</u> |
| Book value as at 30.09.2009 | <u>226 654</u> | <u>105 214</u> | <u>18 284</u> | <u>-</u> | <u>350 152</u> |

As at 30 September 2008, the cadastral value of real estate – land and constructions - was EUR 327 568

As at 30 September 2009, the cadastral value of real estate – land and constructions - was EUR 348 820

Notes to the Financial Statements

(13) Other securities and investments

| | LVL | EUR |
|------------------------------------|--------------|--------------|
| Purchase value as at 30.09.2008 | 3 480 | 4 952 |
| Book value as at 30.09.2008 | 3 480 | 4 952 |
| Purchase value as at 30.09.2009 | 3 480 | 4 952 |
| Book value as at 30.09.2009 | 3 480 | 4 952 |

(14) Ready-made products and goods for sale

| | 2009 LVL | 2008 LVL | 2009 EUR | 2008 EUR |
|----------------------|----------------|----------------|----------------|----------------|
| Bull semen | 357 024 | 277 835 | 508 000 | 395 324 |
| Other goods for sale | 4 041 | 10 075 | 5 750 | 14 335 |
| | 361 065 | 287 910 | 513 750 | 409 659 |

(15) Trade receivables

| | 2009 LVL | 2008 LVL | 2009 EUR | 2008 EUR |
|---|----------------|---------------|----------------|----------------|
| Accounting value of trade receivables | 104 616 | 92 943 | 148 855 | 132 246 |
| Provisions for doubtful trade receivables | (21) | (399) | (30) | (568) |
| | 104 595 | 92 544 | 148 825 | 131 678 |

(16) Other receivables

| | 2009 LVL | 2008 LVL | 2009 EUR | 2008 EUR |
|-------------------------------------|--------------|---------------|--------------|---------------|
| VAT for received goods and services | 920 | 797 | 1 310 | 1 134 |
| Overpayment of taxes | - | 2 | - | 3 |
| Other receivables | 1 005 | 14 405 | 1 430 | 20 496 |
| | 1 925 | 15 204 | 2 740 | 21 633 |

(17) Prepaid expenses

The item recognizes the costs made during the reporting year, but referring to the next reporting periods.

| | 2009 LVL | 2008 LVL | 2009 EUR | 2008 EUR |
|------------------------|--------------|--------------|--------------|--------------|
| Advertising costs | 152 | 252 | 216 | 359 |
| Insurance | 3 569 | 2 629 | 5 078 | 3 741 |
| Press subscription | 8 | - | 11 | - |
| Other prepaid expenses | 270 | 320 | 384 | 455 |
| | 3 999 | 3 201 | 5 689 | 4 555 |

Notes to the Financial Statements

(18) Other securities and shareholding in capitals

| | Number | 2009 Market price | Amount LVL | Number | 2008 Market price | Amount LVL |
|-----------------------|--------|-------------------------|---------------|--------|-------------------------|---------------|
| SEB Lats reserve fund | 15 044 | 1.37110 | 20 627 | - | - | - |
| | | | <u>20 627</u> | | | <u>-</u> |

| | Number | 2009 Market price | Amount EUR | Number | 2008 Market price | Amount EUR |
|-----------------------|--------|-------------------------|---------------|--------|-------------------------|---------------|
| SEB Lats reserve fund | 15 044 | 1.95090 | 29 350 | - | - | - |
| | | | <u>29 350</u> | | | <u>-</u> |

Money market fund shares have no guaranteed interest rate. In 2009, the profitability was about 8 %. Exclusion of money market fund shares is carried out at the Company's request.

(19) Cash in LVL and foreign currencies according to the LCB exchange rate

Break-down of cash according to currencies:

| | | 2009 | | 2008 | |
|--|----------|--------|----------------|----------|----------------|
| | Currency | | LVL | Currency | LVL |
| Cash in hand | LVL | - | 6 696 | - | 7 981 |
| Cash in bank | LVL | - | 64 638 | - | 144 994 |
| Cash in bank | EUR | 11 888 | 8 355 | - | - |
| Deposits in credit institutions (with due dates not exceeding 90 days) | LVL | - | 40 000 | - | - |
| Deposits in credit institutions (with due dates not exceeding 90 days) | EUR | 50 000 | 35 140 | - | - |
| | | | <u>154 829</u> | | <u>152 975</u> |

Break-down of cash according to currencies:

| | | 2009 | | 2008 | |
|--|----------|--------|----------------|----------|----------------|
| | Currency | | EUR | Currency | EUR |
| Cash in hand | LVL | 6 696 | 9 527 | 7 981 | 11 356 |
| Cash in bank | LVL | 64 638 | 91 972 | 144 994 | 206 308 |
| Cash in bank | EUR | - | 11 888 | - | - |
| Deposits in credit institutions (with due dates not exceeding 90 days) | LVL | 40 000 | 56 915 | - | - |
| Deposits in credit institutions (with due dates not exceeding 90 days) | EUR | - | 50 000 | - | - |
| | | | <u>220 302</u> | | <u>217 664</u> |

Notes to the Financial Statements

(20) Share capital

The Company's shares are quoted on NASDAQ OMX Riga Stock Exchange's second listing. The Company's share capital consists of shareholders' investments. The total number of shares is 422 440, the nominal value per share is 1 Lat.

| | 2009 LVL | 2008 LVL | 2009 EUR | 2008 EUR |
|---|----------------|----------------|----------------|----------------|
| Ordinary common shares with voting rights | 421 440 | 421 440 | 599 655 | 599 655 |
| Shares owned by the Board without voting rights | 1 000 | 1 000 | 1 423 | 1 423 |
| | 422 440 | 422 440 | 601 078 | 601 078 |

421440 shares or 99.8% of the share capital are ordinary common shares with voting rights, which give equal rights to receive dividends, receipt of liquidation quota and voting rights in the Shareholders' Meeting.

1000 shares or 0.2% of the share capital, which are not included in the regulated market, are personnel shares, which may be obtained only by Members of the Board, and they give equal rights only to receipt of dividend and liquidation quota.

There are no share alienation restrictions, nor the necessity to receive the Company's or other shareholders' consent for alienation of shares.

There are no restrictions on voting rights, nor any other similar restrictions.

Profit per share

Profit per one share is calculated by dividing the profit of the reporting period with the average weighted number of shares during the year.

| | 2009 LVL | 2008 LVL | 2009 EUR | 2008 EUR |
|---|--------------|--------------|--------------|--------------|
| Profit of the reporting period | 94 015 | 125 460 | 133 770 | 178 514 |
| Average weighted number of shares during the year | 422 440 | 422 440 | 422 440 | 422 440 |
| | 0.223 | 0.297 | 0.317 | 0.423 |

(21) Provisions for deferred tax

| | 2009 LVL | 2008 LVL | 2009 EUR | 2008 EUR |
|---|---------------|---------------|---------------|----------------|
| Temporary differences in fixed assets depreciation | 88 518 | 106 205 | 125 950 | 151 116 |
| Provisions for vacations | (22 109) | (19 091) | (31 458) | (27 164) |
| Total temporary differences | 66 409 | 87 114 | 94 492 | 123 952 |
| Deferred tax provisions at the beginning of the period | 9 961 | 13 067 | 14 174 | 18 593 |
| Increase or decrease | - | - | - | - |
| Deferred tax provisions at the end of the period | 9 961 | 13 067 | 14 174 | 18 593 |

Notes to the Financial Statements

(22) Taxes and social insurance payments

| Tax type | Balance as at 31.12.2008 LVL | Calculated in 2009 LVL | Paid in 2008 LVL | Balance as at 30.09.2009 LVL |
|--------------------------------|------------------------------------|------------------------------|------------------------|------------------------------------|
| Corporate income tax | (2 826) | 12 088 | (9 262) | - |
| Value added tax | 8 090 | 77 381 | (76 731) | 8 740 |
| Social insurance contributions | 6 954 | 68 255 | (68 205) | 7 004 |
| Personal income tax | 3 903 | 36 457 | (36 456) | 3 904 |
| Real estate tax | - | 1 091 | (1 091) | - |
| Nature resource tax | 21 | 65 | (65) | 21 |
| Business risk duty | 11 | 98 | (98) | 11 |
| | 16 153 | 195 435 | (191 908) | 19 680 |

| | | |
|--------------|-------------|-------------|
| Including: | 2008 | 2009 |
| | LVL | LVL |
| Tax overpaid | (2 826) | - |
| Tax due | 18 979 | 19 680 |

| Tax type | Balance as at 31.12.2008 EUR | Calculated in 2009 EUR | Paid in 2009 EUR | Balance as at 30.09.2009 EUR |
|--------------------------------|------------------------------------|------------------------------|------------------------|------------------------------------|
| Corporate income tax | (4 021) | 17 200 | (13 179) | - |
| Value added tax | 11 511 | 110 103 | (109 178) | 12 436 |
| Social insurance contributions | 9 895 | 97 118 | (97 047) | 9 966 |
| Personal income tax | 5 552 | 51 875 | (51 872) | 5 555 |
| Real estate tax | - | 1 552 | (1 552) | - |
| Nature resource tax | 30 | 92 | (92) | 30 |
| Business risk duty | 16 | 139 | (139) | 16 |
| | 22 983 | 278 079 | (273 059) | 28 003 |

| | | |
|--------------|-------------|-------------|
| Including: | 2008 | 2009 |
| | EUR | EUR |
| Tax overpaid | (4 021) | - |
| Tax due | 27 004 | 28 003 |

(23) Accrued liabilities

| | 2009 LVL | 2008 LVL | 2009 EUR | 2008 EUR |
|------------------|---------------|---------------|---------------|---------------|
| Vacation reserve | 22 109 | 19 091 | 31 458 | 27 164 |
| | 22 109 | 19 091 | 31 458 | 27 164 |

Notes to the Financial Statements

(24) Number of persons employed by the Company

| | 2009 | 2008 |
|--|-------------|-------------|
| Average number of persons employed during the reporting year | <u>43</u> | <u>44</u> |

(25) Information on remuneration to Council, Board and Managements Members

| | 2009 | 2008 | 2009 | 2008 |
|--|----------------------|----------------------|----------------------|----------------------|
| | LVL | LVL | EUR | EUR |
| Council Members' salaries for work, including state social insurance contributions | 4 991 | 4 599 | 7 102 | 6 544 |
| Board Members' salaries for work, including state social insurance contributions | 21 276 | 18 224 | 30 273 | 25 930 |
| Total remuneration to management members | <u>26 267</u> | <u>22 823</u> | <u>37 375</u> | <u>32 474</u> |

There are no special regulations worked out, which would regulate election of Board Members, changes in the composition of the Board and amending of the Articles of Association.

All Board Members have equal Company's representation rights. The Chairman of the Board represents the Company separately, but other Board Members can represent the Company only both together.

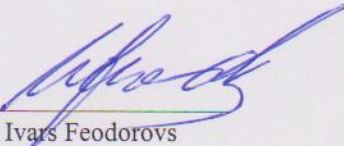
There is no agreement signed between the Company and the Board Members, which provides any compensations.

Report on Management Liability

According to the information being at our disposal, the Financial Statement for nine months of the 2009 have been prepared according to the effective requirements of legislative enactments and provide a true and fair view about the joint stock company's "Siguldas ciltslietu un mākslīgās apseĶlošanas stacija" assets, liabilities, financial condition and profit.

No interim management report enclosed since there have been no significant changes against the former interim management report.

Interim statements for 9 months of 2009 have not been audited by Sworn Auditor.



Nils Ivars Feodorovs

Chairman of the Board



Sarmīte Arcimoviča

*Member of the Board, Head
of Production and
Marketing Department in
branch of Laboratory*



Valda Mālniece

*Member of the Board, Head
of Financial and
Accounting Department*

25 November 2009